



NATIONAL SEWER PIPE LIMITED

MANUFACTURERS OF VITRIFIED CLAY PRODUCTS

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Take notice that the Annual Meeting of Shareholders of National Sewer Pipe Limited will be held at the Clarkson Factory, 2100 Lakeshore Highway West, Clarkson Ontario on Monday, the 29th day of April, 1968, at the hour of 10:30 o'clock in the forenoon, Eastern Daylight Saving Time to:

- (a) Approve the annual report, the financial statements and the report of the auditors.
- (b) Elect directors.
- (c) Appoint auditors and authorize the directors to fix their remuneration.
- (d) Transact such other business as may properly come before the meeting or any adjournment thereof.

A copy of the said annual report accompanies this notice.

Shareholders who are unable to attend the meeting in person are requested to date and sign the enclosed form of proxy and to return it in the envelope provided for that purpose. An information circular accompanies this notice. All instruments appointing proxies are, under the provisions of a By-law of the Company, required to be deposited with the Company not later than 24 hours preceding the time fixed for the holding of the meeting of shareholders at which any proxy is to be used or acted upon.

By order of the Board of Directors

HOWARD A. HALL, O.C.
Secretary

Dated at Toronto this 15th day of April, 1968.

✓

BALANCE SHEET AS AT OCTOBER 31, 1967

NATIONAL SEW

A S S E T S

(with comparative figures)

CURRENT	1967	1966
Cash	\$ 93,427	\$ 4,725
Investments - at cost (Market value 1967 - \$342,707; 1966 - \$523,048)	217,056	389,553
Accounts receivable		
Trade	472,398	428,919
Associated company		43,500
Subsidiary company	80,193	35,550
Other	11,011	19,553
Inventories (Note 1)	885,469	764,032
Prepaid expenses	4,216	1,528
	<u>\$1,763,770</u>	<u>\$1,687,360</u>
SPECIAL REFUNDABLE TAX	\$ 6,214	\$ 357
OTHER INVESTMENTS		
Investment - at cost (no quoted market value)	\$ 15,003	\$ 15,000
Investment in associated company - at cost	200,000	200,000
Advance to subsidiary company		31,500
Investment in subsidiary companies - at cost (Note 2)	283,295	283,295
	<u>\$ 498,298</u>	<u>\$ 529,795</u>
FIXED - cost (Note 3)		
Land	\$ 442,102	\$ 442,102
Buildings	1,181,985	1,141,774
Equipment	3,576,017	3,453,731
	<u>\$5,200,104</u>	<u>\$5,037,607</u>
Less		
Accumulated depreciation	4,222,264	3,823,837
	<u>\$ 977,840</u>	<u>\$1,213,770</u>
	<u>\$3,246,122</u>	<u>\$3,431,282</u>

L I A B I L I T I E S

CURRENT		
Bankers' advances	\$ 105,033	\$ 6,354
Accounts payable and accrued charges		
Trade	203,520	199,035
Subsidiary company	162,999	80,764
Other	175,357	189,897
Taxes other than income	57,249	58,224
Federal and provincial income taxes	55,000	180,000
	<u>\$ 759,158</u>	<u>\$ 714,274</u>
ADVANCE FROM SUBSIDIARY COMPANY	<u>\$ 100,000</u>	
SHAREHOLDERS' EQUITY		
Capital Stock Authorized		
11,805 non-cumulative preference shares of the par value of \$15.00 each redeemable at par		
75,000 common shares without nominal or par value		
Issued		
63,195 preference shares	\$947,925	
50,379 redeemed prior years	\$755,685	
12,816 redeemed during the year	192,240	
63,195	\$947,925	
Nil outstanding	Nil	\$ 192,240
53,195 common shares	\$ 61,097	61,097
Capital surplus - statement attached (Note 4)	912,702	840,674
Earned surplus - statement attached	1,413,165	1,622,997
	<u>\$2,386,964</u>	<u>\$2,717,008</u>
	<u>\$3,246,122</u>	<u>\$3,431,282</u>
Approved on behalf of the Board of Directors		
John J. Fitzpatrick, Director		
Ryland J. New, Director		

AUDITORS' REPORT TO TH

We have examined the balance sheet of National Sewer Pipe Limited as at October 31, 1967 and the statements included a general review of the accounting procedures and such tests of accounting records and other supporting ev

In our opinion these financial statements present fairly the financial position of the company as at October with generally accepted accounting principles applied on a basis consistent with that of the preceding year except fo

Name	No. of Shares	Percentage of Voting Rights
Helen Isabel New	7900	14.85
Helen Isabel New Trust	6600	12.41
Ryland H. New	9180	17.26
Ryland H. New Trust	6600	12.41
Ryland J. New	9000	16.92
Ryland J. New Trust	6600	12.41

The directors have fixed 15th day of April, 1968 as the record date for the determination of the persons entitled to receive notice of and to attend and vote at the meeting.

ELECTION OF DIRECTORS

The board consists of 5 directors to be elected annually. The persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below, all of whom are now members of the board of directors and have been since the dates indicated. The management does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next Annual Meeting and until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws.

The following table and the notes thereto state the names of all the persons proposed to be nominated for election as directors, all other positions and offices with the Company now held by them, their principal occupations or employments, the year in which they became directors of the Company, and the approximate number of shares of each class of the Company beneficially owned directly or indirectly by each of them, as of 15th April, 1968.

Name	Date Became Director	Common Shares
John J. Fitzpatrick, Q.C.	1959	15
Howard A. Hall, Q.C. Secretary	1952	60
Helen Isabel New, C.B.E.	1952	7,900
Ryland H. New, President and General Manager	1952	9,180
Ryland J. New, Vice-President and Treasurer	1952	9,000

NOTES: (a) The information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective directors individually.

(b) Unless otherwise stated above, each of the above named persons has held the principal occupation or employment indicated for at least five years.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

- (1)- Estimated aggregate cost to the Company and its subsidiaries in 1968 of all pension or retirement benefits proposed to be paid to the directors and senior officers of the Company under the existing plans in the event of retirement at normal retirement age \$ 2,402.00
- (2) During 1967 the senior officers of the Company purchased common shares of the Company pursuant to stock options granted to them by the Company as follows: NIL

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Messrs. Winspear, Higgins, Stevens & Doane, Chartered Accountants, Toronto, as auditors of the Company, to hold office until the next Annual Meeting of Shareholders. Messrs. Winspear, Higgins, Stevens & Doane have been auditors of the Company for more than five years.

Information contained herein is given as of the 15th day of April, 1968. The Management knows of no matter to come before the annual general meeting of shareholders other than the matters referred to in the notice of meeting. If any matters which are not now known should properly come before the meeting, the accompanying proxy instrument will be voted on such matters in accordance with the best judgment of the person voting it.

R PIPE LIMITED

CAPITAL SURPLUS FOR THE YEAR ENDED OCTOBER 31, 1967 (with comparative figures)

	1 9 6 7	1 9 6 6
Balance, beginning of year	\$ 840,674	\$ 761,576
Add		
Profit on sale of investments	72,028	78,448
Discount on bonds		650
Balance, end of year	<u>\$ 912,702</u>	<u>\$ 840,674</u>

STATEMENT OF INCOME AND EARNED SURPLUS FOR THE YEAR ENDED OCTOBER 31, 1967 (with comparative figures)

Income for the year before the following items	\$ 342,895	\$ 418,779
Directors' fees	\$ 7,200	\$ 7,200
Provision for depreciation	157,194	137,671
Interest on mortgage bonds		10,732
	<u>\$ 164,394</u>	<u>\$ 155,603</u>
Income from investments	<u>\$ 178,501</u>	<u>\$ 263,176</u>
	40,275	44,480
Income for the year before taxes	\$ 218,776	\$ 307,656
Provision for federal and provincial income taxes	95,499	148,389
Net income for the year	\$ 123,277	\$ 159,267
Earned surplus, beginning of year	1,622,997	1,497,217
	<u>\$1,746,274</u>	<u>\$1,656,484</u>
Dividend paid - common	63,834	
	<u>\$1,682,440</u>	<u>\$1,656,484</u>
Prior years' adjustments (Note 3)	269,275	33,487
Balance, end of year	<u>\$1,413,165</u>	<u>\$1,622,997</u>
See notes to financial statements.		

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED OCTOBER 31, 1967 (with comparative figures)

Source		
Profit on sale of investments	\$ 72,028	\$ 78,448
Discount on bonds		650
Operations		
Net income	123,277	159,267
Non cash charges		
Depreciation	157,194	137,671
	<u>\$ 352,499</u>	<u>\$ 376,036</u>
Receipt of advance to subsidiary company	31,500	
Proceeds from disposal of equipment	12,891	3,380
Advance from subsidiary company	100,000	
Cash, marketable securities and first mortgage held by trustee for the Bondholders		30,751
	<u>\$ 496,890</u>	<u>\$ 410,167</u>
Application		
Purchase of		
Other investments	\$ 3	
Building and equipment	160,430	194,121
Special refundable tax	5,857	357
Investment in subsidiary company		15,625
Dividend paid - common	63,834	
Redemption of 5½% first mortgage bonds		488,300
Redemption of preference shares	192,240	126,330
Prior years' income taxes	43,000	33,487
	<u>\$ 465,364</u>	<u>\$ 858,220</u>
Increase in working capital	<u>\$ 31,526</u>	<u>(\$ 448,053)</u>

THE SHAREHOLDERS

of income and earned surplus, capital surplus and source and application of funds for the year then ended. Our examination was made as we considered necessary in the circumstances.

1, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with the change in inventory valuation referred to in Note 1 to the financial statements in which we concur.

WINSPEAR, HIGGINS, STEVENSON & DOANE,
Chartered Accountants.

NOTES RELATING TO THE BALANCE SHEET

Note 1. Inventories

The finished goods, sundry pipe and goods in process amounting to \$498,903 were priced at net realizable value less normal profit margin. The raw materials and supplies and goods in transit were priced at the lower of cost and replacement cost. A change in the discount rate used in valuing certain finished goods resulted in an increase of \$63,258 in the value of such inventories and an increase of approximately \$30,364 in net profit for the year.

Note 2. Subsidiary companies

The financial statements of the subsidiary companies have not been consolidated for the reason that there is a substantial minority interest in one of the subsidiaries and the nature of the business of the other three subsidiaries differs considerably from that of the parent company.

The company's share of the aggregate profits of its subsidiary companies for the year ended October 31, 1967 amounted to \$83,106. The company's share of the aggregate undistributed profits of its subsidiaries since acquisition amounted to \$527,212 no part of which has been included in the parent company's accounts.

Note 3. Fixed assets

The net book value of each of the classes of assets was brought into agreement with the undepreciated capital cost as per the records of the Department of National Revenue by a charge to increase costs by \$39,071 and accumulated depreciation by \$265,346. The net adjustment including related income taxes has been charged against the company's earned surplus.

Note 4. Capital surplus

The capital surplus of the company is made up of non taxable items such as profits on sales of investments and land.

Note 5. Sales

The percent increase of sales for the year ended October 31, 1967 over the previous year amounted to 3.01% and the percent increase for the year over the average for the previous five years amounted to 22.58%.

Note 6. Remuneration of directors and senior officers

The aggregate direct remuneration paid or payable during 1967 to the directors and senior officers of the company was:

By the company	\$91,200
By the subsidiaries of the company whose financial statements are not consolidated with those of the company	\$ 4,800

GENERAL INFORMATION

SOLICITATION STATEMENT

This information circular is furnished in connection with the solicitation by the management of National Sewer Pipe Limited (the Company) of proxies to be used at the annual meeting of shareholders of the company to be held at the time and place and for the purposes set forth in the above notice of meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the company at nominal cost. The cost of solicitation by management will be borne by the company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors of the Company. A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM AT THE MEETING MAY DO SO either by inserting such person's name in the blank space provided in the form of proxy and striking out the names of the two specified persons or by completing another form of proxy and, in either case, delivering the completed proxy to the Secretary of the Company.

A shareholder who has given a proxy may revoke it either (a) by signing a proxy bearing a later date and delivering it to the Secretary of the Company, or (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by signing written notice of revocation and delivering it to the Secretary of the Company or the Chairman of the meeting.

EXERCISE OF DISCRETION BY PROXIES

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. IN THE ABSENCE OF SUCH DIRECTION, SUCH SHARES WILL BE VOTED FOR THE APPROVAL OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS, AND FOR THE ELECTION OF DIRECTORS AND THE APPOINTMENT OF AUDITORS AS STATED UNDER THOSE HEADINGS IN THIS CIRCULAR. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting. At the time of printing this circular the management of the Company knows of no such amendment, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES

On the 15th of April, 1968 the Company had outstanding 53,195 common shares without nominal or par value, each carrying the right to one vote per share. The directors and senior officers of the Company do not know of any person or company beneficially owning, directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares of the Company other than the following:

ANNUAL REPORT

of

NATIONAL SEWER PIPE LIMITED

October 31, 1967

DIRECTORS

RYLAND H. NEW
President and General Manager

RYLAND J. NEW, B.A.Sc
Vice-President & Treasurer

HOWARD A. HALL, O.C.
Secretary

JOHN J. FITZPATRICK, O.C.

HELEN ISABEL NEW, C.B.E.
